

DELEGATION OF THE EUROPEAN UNION TO THE ARAB REPUBLIC OF EGYPT

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To: Managing Director-MENA (GENTILINI)

Subject: EGYPT – Report (20 - 27 June 2022)

Summary:

- *National Dialogue: final preparations in view of a start in the first week of July.*
- *State budget: House of Representatives clears, though amidst criticisms.*
- *Gender-based violence: murder of female student shocks EGY.*
- *KSA/EGY: Visit of Crown Prince to Cairo as first stop in key regional tour.*
- *QAT/EGY: Visit of Emir underscores progress in reconciliation since Al Ula Summit.*
- *LBY/EGY: EGY positive assessment of third round, disagreement over 22/06 deadline.*
- *Arab pipeline: EGY/JOR/SYR/LBN agreement nears realisation.*
- *East Med: EGY, EL and CY Defence Ministers meet, while some Gulf States reportedly press EGY to move closer to TUR.*
- *LAS: SG Aboul Gheit visits DZA in view of LAS Summit preparations.*

Detail:

1. On 23/06, coordinator of the **National Dialogue** (and head of the journalists syndicate), Daa Rashwan spoke of a '*positive atmosphere*' in the run-up to the start of the dialogue in July. He argued that no party or political force in EGY objected to the dialogue, with several seeking participation and thousands contributing in writing. He informed of invitations extended to figures critical of government policies, including Carnegie Middle East Program Director, Amr Hamzawy, and space scientist Essam Heggy (both in exile). Invitees include member of the National Council for Human Rights George Ishak, lawyer Essam El-Islamboly, opposition MP Daa Dawoud and former jihadist-turned -Islamist writer Nageh Ibrahim. Essam Heggy responded that he preferred to serve the nation through science.
2. On 21/06, the House of Representatives gave its final approval to the **state budget 2022-2023**. This foresees EGP 2.071 trillion (about 104 billion EUR) in expenditure and EGP 1.518 trillion (about 76 billion EUR) in revenues - leading to a deficit of EGP 553 billion (about 27.89 bn EUR, up from 23.96 bn EUR a year ago). Four political parties, holding together 30 seats out of 569, rejected the budget. Their critical remarks ranged from on excessive borrowing (Social Democratic Party, Al Adl Party), liberalisation policies and over-subsidisation of wheat and gas (Al Tagamoa) and continuation of

subsidies instead of a switch to cash transfers for the needier (Reform and Development Party). Social media users followed budget discussions, with many criticizing continued borrowing and allocations (ex. 50 billion EGP for the Monorail project and 19 billion EGP to reform education).

3. The economic and social development plan for 2022/2023 allocates 458bn EGP (about EUR 23.1bn) for the implementation of the **human rights strategy**. Local media informed on 23/06 that EUR 22.4bn were allocated to socio-economic and cultural rights as follows: EUR 6bn for adequate housing, EUR 4.89bn for safe drinking water and sanitation, EUR 3.5bn for education, EUR 3.2bn for food, EUR 2.32bn for health, EUR 2.51bn for work, EUR 2m for social security and EUR 353 million for cultural rights. Some EUR 606m will support segments of society as follows: EUR 402m for women's rights, EUR 100m for children's rights, EUR 100m for young people's rights, EUR 6.1m for the rights of people with disabilities and about EUR 606,000 for the rights of the elderly.
4. The Cairo Criminal Court decided on 23/06 to close its investigation into the unexplained death of economist **Ayman Hadhoud** in a mental health hospital in April. His family plans to appeal to the Court of Cassation, EGY's highest court. In a 20/06 June interview with Al Jazeera, Laila Soueif, mother of detained activist **Alaa Abdel Fattah**, said her son remains deprived of a consular (UK) visit with no justification. She confirmed that he remains on hunger strike, but could exercise outside his cell for the first time since 2019. On 23/06, several HROs issued a joint statement calling for the immediate release of HRD lawyer **Mohammad Al Baqer**, marking his 1000 days in prison.
5. EGY were shocked with the murder in Mansoura of female university student, **Naira Ashraf**. The deceased filed several reports with police against the perpetrator, whose marriage proposals she repeatedly refused. Many were outraged with the comments of Islamic law professor of Al Azhar University **Mabrouk Attia** who blamed Ashraf for her own death and called on women to wear the Hijab to avoid harassment and violence. The professor has since been given him a leave of absence.
6. The week saw a continuation of high-level diplomatic exchanges among Arab leaders. **KSA Crown Prince Bin Salman's visit to Cairo** on 20-21/06 (as part of a regional tour covering also JOR and TUR)) included 14 deals for nearly \$8 billion (most between private companies), with prospects of \$30 billion Saudi investments in years to come. An extensive joint statement addressed regional issues. Relations with TUR were also on the agenda, as were, according to some, UAE and KSA recent moves to reportedly join an air security alliance of some form, and provide support against IRN threats represented by Houthis attacks in the Gulf. Both sides welcome the upcoming Summit in KSA with President Biden.
7. The **visit of QAT Emir Al Thani to Cairo** on 24-25/06 underscores progress in bilateral relations since the Al Ula Summit. According to the EGY Presidential SPOX, the QAT leader affirmed keenness to '*continue reciprocal steps with the aim of advancing and strengthening the various mechanisms of bilateral cooperation*'. President Al Sisi and the QAT Emir agreed to maximise QAT investment in EGY, develop cooperation notably in the energy and agricultural fields and revitalise trade. Regional developments were widely addressed, with the two countries agreeing on greater coordination and on the need for uniting Arab countries. The QAT Emir commented positively on EGY efforts to reconstruct the Gaza strip and agreed on the importance to revive the peace process. '*Horizons of joint cooperation*' to counter terrorism and extremist thought were also discussed. Both sides welcome the upcoming Summit in KSA with President Biden.

8. EGY MFA SPOX underlined on 20/06 '*great progress*' in the LBY constitutional talks hosted in Cairo, under UNSMIL aegis. The angry statements exchanged between EGY and LBY FMs, following LBY FM complaint of the treatments of LBY by EGY border guards, partially side-tracked attention. Cairo accused LBY of attempting to deflect attention from 22/06 deadline relating to the LBY political dialogue forum. In response, LBY accused EGY of interference in internal affairs. Progress made during the three rounds of talks in Cairo does indeed appear to have been substantive.
9. Media reported that **EGY SYR and LBN signed on 21/06 a deal** on importing natural gas from EGY (via JOR and SYR) to boost power supply in LBN through the Arab pipeline. This is part of wider regional support for LBN. The US State Department SPOX welcomed on 23/06 the deal as an important step for regional cooperation in support of the LBN people, and '*looked forward to working with the World Bank to review details*'.
10. In the wake of the MoU signed by EU, EGY and ISR on 15/06, the EGY state gas company signed a **MoU with Chevron** on transporting and re-exporting gas from the eastern Mediterranean. EGY is aiming to build new LNG terminals and more generally increase investments in its LNG infrastructures in view of greater exports.
11. While some degree of greater rapprochement between EGY and TUR discussed between KSA and EGY leaders (see above on visit of KSA Crown Prince), the **Defence Ministers of CY, EGY and EL** met on 20/06 to exchange on defence and cooperation, including training and exercise manoeuvres, with an emphasis on stabilisation of the East Med region. The Ministers stressed the need for all countries to respect international law and the UN Charter, UNCLOS and all other relevant agreements.
12. **LAS SG Aboul Gheit visited DZA** on 21-22/06 to prepare the forthcoming 1-2 November Summit in Algiers. According to LAS sources, regional issues discussed with President Tebboune included SYR (DZA supports full SYR reintegration) and LBY.
13. The third edition of the **Aswan Forum for Sustainable Peace and Development** took place on 21-22/06. It included a special focus on climate security in view of COP 27.

Sign-off: Christian Berger, Head of Delegation

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